



Committee On Finance

Max Baucus, Ranking Member

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BAUCUS CALLS TREASURY CURRENCY REPORT “IRRELEVANT”

Finance Committee’s Top Democrat Advocates New Framework for Currency Concerns

Washington, DC – U.S. Senator Max Baucus (D-Mont.), Ranking Member of the Senate Finance Committee, today reiterated his call for a new approach to currency issues with China and other countries as the U.S. Treasury declined to name China a currency “manipulator.” The Treasury Department released its semiannual currency report today. There is broad consensus that China’s currency, the renminbi or RMB, is significantly undervalued. On March 28, Senators Baucus and Grassley introduced legislation to change the way the U.S. labels countries with currency imbalances, puts more teeth in the enforcement process and imposes hard triggers for action to address misaligned currencies that hurt the U.S. economy.

“Treasury’s failure to cite China as a ‘manipulator’ comes as no surprise, and is somewhat irrelevant. If Treasury had cited China as a manipulator, today’s outdated law would only require subsequent negotiations. Treasury is already negotiating. The current approach simply has less impact than it used to,” said Baucus. **“We need a new framework to deal with currency issues and to address China’s undervalued exchange rate.”**

Current law requires the Treasury Secretary to identify, under specific conditions, those countries that manipulate their currency to gain an unfair competitive advantage. After a country is identified as a currency manipulator, the statute merely requires the Treasury Secretary to negotiate with the country concerned. S. 2467, the Baucus-Grassley Trade Enhancement Act of 2006, would require the Secretary to identify any nation with currency in fundamental misalignment that results in harm to the U.S. economy, and specifies a series of subsequent enforcement actions. These include not only negotiation, but loan and financing limits at the International Monetary Fund and other institutions. The bill also bolsters U.S. trade enforcement capabilities to focus on trade barriers of greatest significance to U.S. manufacturers, farmers, ranchers, innovators, and service providers.

“It’s time to change the way we do business on currency, not only with China but with any other country whose misaligned currency hurts the U.S. economy,” said Baucus. **“Today’s Treasury report highlights the need to update and improve the law on this matter.”**

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